



DEPARTMENT OF COMMERCE

International Trade Administration

[C-821-827]

Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Russian Federation: Final Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) determines that countervailable subsidies are being provided to producers and exporters of seamless carbon and alloy steel standard, line, and pressure pipe (seamless pipe) from the Russian Federation (Russia).

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Caitlin Monks, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2670.

SUPPLEMENTARY INFORMATION:

Background

The petitioner in this investigation is Vallourec Star, L.P. In addition to the Government of Russia (GOR), the mandatory respondents in this investigation are PAO TMK, Volzhsky Pipe Plant Joint Stock Company (Volzhsky), and certain cross-owned affiliates (collectively, TMK).¹

On December 11, 2020, Commerce published in the *Federal Register* the *Preliminary*

¹ See Memorandum, “Countervailing Duty Investigation of Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Russian Federation: Respondent Selection,” dated August 13, 2020. As discussed in the Preliminary Decision Memorandum (PDM), the cross-owned companies that comprise TMK are: PAO TMK, Volzhsky Pipe Plant Joint Stock Company (Volzhsky), Taganrog Metallurgical Plant Joint Stock Company (Tagmet), Sinarsky Pipe Plant Joint Stock Company (Sinarsky), Seversky Pipe Plant Joint Stock Company (Seversky), TMK CHERMET LLC (TMK CHERMET), TMK CHERMET LLC Volzhsky (TMK CHERMET Volzhsky), TMK CHERMET LLC Ekaterinburg (TMK CHERMET Ekaterinburg), TMK CHERMET LLC Rostov (TMK CHERMET Rostov), TMK CHERMET LLC Saratov (TMK CHERMET Saratov), and TMK CHERMET LLC Service (TMK CHERMET Service).

Determination and aligned this final determination with the final antidumping duty (AD) determination, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.210(b)(4)(i).²

A summary of the events that occurred since Commerce published the *Preliminary Determination*, as well as a full discussion of the issues raised by parties for this final determination, may be found in the Issues and Decision Memorandum, which is hereby adopted by this notice.³ The Issues and Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>.

Period of Investigation

The period of investigation is January 1, 2019, through December 31, 2019.

Scope of the Investigation

The product covered by this investigation is seamless pipe from Russia. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

We did not receive comments from interested parties on the Preliminary Scope Decision Memorandum.⁴ As discussed in Preliminary Scope Decision Memorandum, Commerce modified the scope language as it appeared in the *Initiation Notice* to clarify certain exclusions. *See* the scope in Appendix I.

² *See Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Russian Federation: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 85 FR 80007 (December 11, 2020) (*Preliminary Determination*), and accompanying PDM.

³ *See* Memorandum, "Issues and Decision Memorandum for the Final Affirmative Determination in the Countervailing Duty Investigation of Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Russian Federation," dated concurrently with this determination (Issues and Decision Memorandum).

⁴ *See* Commerce's Memorandum, "Preliminary Scope Memorandum," dated December 11, 2020 (Preliminary Scope Memorandum).

Verification

Commerce was unable to conduct on-site verification of the information relied upon in making its final determination in this investigation. However, we took additional steps in lieu of an on-site verification to verify the information relied upon in making this final determination, in accordance with section 782(i) of the Act.⁵

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Issues and Decision Memorandum. A list of the issues raised by parties is attached to this notice at Appendix II.

Methodology

Commerce conducted this investigation in accordance with section 701 of the Act. For each of the subsidy programs found countervailable, Commerce determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁶ For a full description of the methodology underlying our final determination, *see* the Issues and Decision Memorandum.

In making this final determination, Commerce is relying, in part, on facts otherwise available, including adverse facts available (AFA), pursuant to sections 776(a) and (b) of the Act. For a full discussion of our application of AFA, *see* the *Preliminary Determination* and the section “Use of Facts Otherwise Available and Adverse Inferences” in the accompanying Issues and Decision Memorandum.⁷

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, as well as additional information collected in questionnaires issued subsequent to the *Preliminary*

⁵ *See* Commerce’s Letter, “Countervailing Duty Investigation of Seamless Carbon and Alloy Steel Standard, Line, and Pressure Pipe from the Russian Federation: In Lieu of Verification Questionnaire,” dated March 29, 2021.

⁶ *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁷ *See Preliminary Determination* PDM at “Use of Facts Available, with Adverse Inferences;” *see also* Issues and Decision Memorandum at “Use of Facts Available, and Adverse Inferences.”

Determination, we made certain changes to the countervailable subsidy rate calculation for TMK. For a discussion of these changes, *see* the Issues and Decision Memorandum.

All-Others Rate

Section 705(c)(5)(A) of the Act provides that in the final determination, Commerce shall determine an estimated all-others rate for companies not individually examined. This rate shall be an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

In this investigation, Commerce calculated an individual estimated countervailable subsidy rate for TMK, the only individually examined exporter/producer, which is not zero, *de minimis*, or based entirely on facts otherwise available.⁸ Accordingly, we have assigned the estimated countervailable subsidy rate calculated for TMK to all other producers and exporters, pursuant to section 705(c)(5)(A)(i) of the Act.

Final Determination

Commerce determines that the following countervailable subsidy rates exist:

Company	Subsidy Rate (percent)
PAO TMK / Volzhsky Pipe Plant Joint Stock Company ⁹	48.38
All Others	48.38

Disclosure

Commerce intends to disclose to interested parties its calculations and analysis performed in this final determination within five days of its public announcement, or if there is no public

⁸ *See Preliminary Determination*, 85 FR at 80025.

⁹ As discussed in the PDM Commerce has found the following companies to be cross-owned with PAO TMK and Volzhsky Pipe Plant Joint Stock Company: Sinarsky Pipe Plant; Taganrog Metallurgical Plant Joint Stock Company; Sinarsky Pipe Plant Joint Stock Company; Seversky Pipe Plant Joint Stock Company; TMK CHERMET LLC; TMK CHERMET LLC Volzhsky; TMK CHERMET LLC Ekaterinburg; TMK CHERMET LLC Rostov; TMK CHERMET LLC Saratov; and TMK CHERMET LLC Service.

announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination* and pursuant to sections 703(d)(1)(B) and (d)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise from Russia that were entered, or withdrawn from warehouse, for consumption, effective December 11, 2020, which is the date of publication of the *Preliminary Determination* in the *Federal Register*.

In accordance with section 703(d) of the Act, effective April 10, 2021, we instructed CBP to discontinue the suspension of liquidation of all entries at that time, but to continue the suspension of liquidation of all entries between December 11, 2020, and April 9, 2021.

If the U.S. International Trade Commission (ITC) issues a final affirmative injury determination, we will issue a countervailing duty order, and continue to require a cash deposit of estimated countervailing duties for such entries of subject merchandise in the amounts indicated above, in accordance with section 706(a) of the Act. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated, and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of its final affirmative determination that countervailable subsidies are being provided to producers and exporters of seamless pipe from Russia. Because the final determination in this proceeding is affirmative, in accordance with section 705(b) of the Act, the ITC will make its final determination as to whether the domestic industry in the United States is materially injured or threatened with material injury, by reason of imports of seamless pipe from Russia no later than 45 days after our final determination. In addition, we are making available to the ITC all non-

privileged and nonproprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding APO

In the event that the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to the APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

Notification to Interested Parties

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act, and 19 CFR 351.210(c).

Dated: June 25, 2021.

James Maeder,
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations.

Appendix I

Scope of the Investigation

The merchandise covered by the scope of this investigation is seamless carbon and alloy steel (other than stainless steel) pipes and redraw hollows, less than or equal to 16 inches (406.4 mm) in nominal outside diameter, regardless of wall-thickness, manufacturing process (*e.g.*, hot-finished or cold-drawn), end finish (*e.g.*, plain end, beveled end, upset end, threaded, or threaded and coupled), or surface finish (*e.g.*, bare, lacquered or coated). Redraw hollows are any unfinished carbon or alloy steel (other than stainless steel) pipe or “hollow profiles” suitable for cold finishing operations, such as cold drawing, to meet the American Society for Testing and Materials (ASTM) or American Petroleum Institute (API) specifications referenced below, or comparable specifications. Specifically included within the scope are seamless carbon and alloy steel (other than stainless steel) standard, line, and pressure pipes produced to the ASTM A-53, ASTM A-106, ASTM A-333, ASTM A-334, ASTM A-589, ASTM A-795, ASTM A-1024, and the API 51 specifications, or comparable specifications, and meeting the physical parameters described above, regardless of application, with the exception of the exclusions discussed below.

Specifically excluded from the scope of the investigation are: (1) all pipes meeting aerospace, hydraulic, and bearing tubing specifications, including pipe produced to the ASTM A-822 standard; (2) all pipes meeting the chemical requirements of ASTM A-335, whether finished or unfinished; and (3) unattached couplings. Also excluded from the scope of the investigation are all mechanical, boiler, condenser and heat exchange tubing, except when such products conform to the dimensional requirements, *i.e.*, outside diameter and wall thickness, of ASTM A-53, ASTM A-106 or API 51 specifications. Also excluded from the scope of the investigation are: (1) oil country tubular goods consisting of drill pipe, casing, tubing and coupling stock; (2) all pipes meeting the chemical requirements of ASTM A-335 regardless of their conformity to the dimensional requirements of ASTM A-53, ASTM A-106 or API 5L; and (3) the exclusion for ASTM A335 applies to pipes meeting the comparable specifications GOST 550-75.

Subject seamless standard, line, and pressure pipe are normally entered under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7304.19.1020, 7304.19.1030, 7304.19.1045, 7304.19.1060, 7304.19.5020, 7304.19.5050, 7304.31.6050, 7304.39.0016, 7304.39.0020, 7304.39.0024, 7304.39.0028, 7304.39.0032, 7304.39.0036, 7304.39.0040, 7304.39.0044, 7304.39.0048, 7304.39.0052, 7304.39.0056, 7304.39.0062, 7304.39.0068, 7304.39.0072, 7304.51.5005, 7304.51.5060, 7304.59.6000, 7304.59.8010, 7304.59.8015, 7304.59.8020, 7304.59.8025, 7304.59.8030, 7304.59.8035, 7304.59.8040, 7304.59.8045, 7304.59.8050, 7304.59.8055, 7304.59.8060, 7304.59.8065, and 7304.59.8070. The HTSUS subheadings and specifications are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Final Decision Memorandum

- I. Summary
- II. Background
- III. Use of Facts Available, and Adverse Inferences
- IV. Subsidies Valuation Information
- V. Benchmarks and Interest Rates
- VI. Analysis of Programs
- VII. Analysis of Comments
 - Comment 1: Whether Commerce Used the Appropriate Sales Denominator to Calculate TMK's Subsidy Rates
 - Comment 2: Whether Commerce Can Investigate Subsidies Not Included in the Petition
 - Comment 3a: Whether PJSC Gazprom (Gazprom) Is a Government Authority that Provides a Financial Contribution
 - Comment 3b: Whether Oil Company Rosneft, Public Joint Stock Company (Rosneft) Is a Government Authority that Provides a Financial Contribution
 - Comment 3c: Whether the Provision of Natural Gas is Specific
 - Comment 3d: Whether Commerce Should Adjust the Natural Gas Benchmark to "Tier-One"
 - Comment 3e: Whether Commerce Should Adjust the Natural Gas Benchmark to "Tier-Two"
 - Comment 3f: Whether Commerce Should Change the Data Relied Upon in its Natural Gas "Tier-Three" Analysis
 - Comment 4a: Whether Certain SCBs Are Government Authorities
 - Comment 4b: Whether Lending from Certain SCBs Is Specific
 - Comment 4c: Whether Commerce's Application of Adverse Facts Available (AFA) with Respect to its Specificity Determination Is Supported by the Record
 - Comment 4d: Whether Commerce Should Adjust its Lending Rate Benchmark
 - Comment 5a: Whether the Sverdlovsk Region's Development Program Provides a Financial Contribution
 - Comment 5b: Whether the Sverdlovsk Region's Development Program is Specific
 - Comment 6: Whether the Regional Investment Incentives from the Rostov Government Are Specific
- VIII. Recommendation